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22-RENEW-01 Comments of CESA on Draft DSGS Program Guidelines, Second Edition

Additional submitted attachment is included below.

May 11, 2023

California Energy Commission
Docket Unit, MS-4
Docket No. 22-RENEW-01
715 P Street
Sacramento, California 95814

RE: 22-RENEW-01 - Comments of the California Energy Storage Alliance (CESA) on Demand Side Grid Support (DSGS) Program Guidelines, Second Edition - Proposed Draft Program Guidelines

The California Energy Storage Alliance (CESA) appreciates the opportunity to provide these comments on the Demand Side Grid Support (DSGS) Program Guidelines, Second Edition. CESA commends the California Energy Commission (CEC) staff for its work to develop these program guidelines, and refine them with consideration of stakeholder feedback. The revisions to the Demand Side Grid Support (DSGS) program guidelines and options represent a positive move forward, and will not only unlock greater participation in the program but also will inform future programs and policy efforts by testing an entirely new model, with DSGS Option 3.

1) Third Party Aggregators as DSGS Providers

CESA, among other parties, recommended in prior workshops and comments that clear and workable rules should be developed to allow third parties to become direct DSGS providers, whether or not the host utility has elected to participate in DSGS as a provider. The revised guidelines provide a clear pathway, with reasonable notification or permission requirements with the host utility. This is a very positive development, and CESA thanks the CEC for the expansion of eligible providers to third parties. CESA interprets Chapter 7 of the revised guidelines as including third party aggregators, in all aspects of program administration, including coverage of administrative costs. Allowing third parties to recover reasonable administrative costs of program administration is crucial to ensure the success of this option. Third party DSGS Providers will monitor the market and determine on a day-to-day basis when to dispatch assets, which is more administratively complex than relying on EEA events. Ensuring that third parties can recover their reasonable administrative costs ensures that these entities will be able to fully participate in DSGS and provide fair compensation to customers. Finally, it is very important for the recovery of third party DSGS administrative costs to be completed in a timely manner.

2) DSGS Option 3

CESA supports the creation of an out-of-market pathway for exporting behind the meter storage systems, and that device submetering be allowed to measure DSGS event response. The revised guidelines incorporate both of these aspects, and also allow participation by existing resources, with reasonable assumed baselines for existing resources. CESA very much appreciates the CEC's revisions to this program option. Option 3, as revised, represents an innovative program design that does not currently exist in California and holds promise to unlock the full value of existing and new behind the meter energy storage. There is no program or framework today that clearly compensates customers for exports from their batteries, where allowed. CESA hopes that the CEC's innovative Option 3 will not only be adopted by the Commission, but also inform future program design. Submetering the behind the meter storage device provides an empirical measurement of the actual output of the storage device, and is absolutely appropriate for this program.

CESA acknowledges that this program option comes with limitations. A customer's ability to participate fully in this option depends on the extent to which the interconnection agreement allows for export. As discussed at the CEC's workshop on the distribution system in its Integrated Energy Policy Report (IEPR) process, non-NEM storage and microgrid systems are installed with non-export requirements. While CESA appreciates that this topic is not in the jurisdiction of the CEC, it is important to acknowledge that the evolving needs of the grid will require interconnection rules for distributed storage resources to similarly evolve over time, including allowing for export to support grid reliability.

3) IOU Customer Eligibility

The new guidelines also expand eligibility to participate in the DSGS program to ratepayers of investor owned utilities that are not enrolled in ELRP, and appears to restrict their participation to Options 2 and 3. CESA supports broadening eligibility for the program to all IOU customers to more fully test this new program design as well as test the potential complementary nature with other non-emergency DR programs. The revised guidelines achieve this goal in part by allowing IOU ratepayers that are enrolled in non-emergency DR programs, and focus on enrollment rather than program eligibility.

4) Option 1 Minimum Dispatch Hours

Finally, CESA recommends that the CEC consider a minimum seasonal dispatch of 20 hours for non-combustion resources in DSGS Option 1. Creating a minimum dispatch level, akin to the structure of the Emergency Load Reduction Program, will create a base level of revenue certainty for DSGS providers, which will in turn encourage greater participation in this program option. Further, CESA supports the comments of CalSSA with regard to allowing publicly owned utilities discretion as to when to call dispatch of Option 1 resources, including and if necessary, in addition to CAISO energy emergency alerts (EEAs).

CESA commends the CEC for its hard work and receptivity to stakeholder feedback in designing this innovative program. Thank you for considering these comments.

Sincerely,

Rachel McMahon
Grid Power Consulting, LLC
Representing the California Energy Storage Alliance